



June 17, 2008

Mr. Gary K. Van Meter  
Deputy Director  
Office of Regulatory Policy  
Farm Credit Administration  
1501 Farm Credit Drive  
McLean, VA 22102-5090

Regarding: Comment on Proposed New Rule 615.5176

Dear Mr. Van Meter:

This letter is in responses to, **and in opposition of**, the proposed new rule which FCA states would “enable System institutions to more effectively serve the needs of rural communities by exercising investment powers under the Act.”

This proposed rule would allow broad-based lending for FCS institutions in cities up to 50,000 people. The proposal would authorize each FCS institution to “invest” in these communities for practically any purpose. These investments would allow FCS lenders to compete directly with community banks for any type of loan so long as the FCS labels the loan as an “investment”.

This proposed rule is the latest example of how the FCS has strayed from its’ original purpose. The most recent previous example was the expanded lending powers the

600 North Buffalo Grove Road • Buffalo Grove, Illinois 60089 • phone: (847)465-9700 fax: (847)465-9701

Member FDIC



Page 2.

FCS proposed under their Horizon Project which (when faced with fierce opposition) was NOT included in the recently enacted Farm Bill. Obviously faced with this Congressional rebuff, this proposed rule is now the tact the FCS is taking to attempt to acquire these expanded lending powers.

The FCS unfairly competes with community banks and other financial institutions by using its' government-backed status and preferred tax treatment to lend at lower rates than it's competitors. This lower cost funding allows the FCS institutions to cherry-pick the most desirable credits and gain market share. This is definitely not the original purpose of the FCS. Granting the FCS these additional powers under the proposed new rule would only enable them to stray further from their original purpose.

Our Bank strongly opposes this proposed new rule.

Sincerely,



David G. Schroeder  
President and CEO

Copy: Rep. Mark Kirk